

Introduced by Senator Johnson
(Coauthor: Assembly Member Hancock)

January 13, 2004

An act to add and repeal Section 17463.5 of the Education Code, relating to school finance, to take effect immediately, as an urgency statute.

LEGISLATIVE COUNSEL'S DIGEST

SB 1129, as introduced, Johnson. Education finance.

Existing law, the Leroy F. Greene School Facilities Act of 1998 (the Greene Act of 1998), requires the State Allocation Board to allocate to applicant school districts, prescribed per-unhoused-pupil state funding for construction and modernization of school facilities, including hardship funding, and supplemental funding for site development and acquisition. Existing law requires a school district to use the funds derived from the sale of surplus property for capital outlay or for costs of maintenance of school district property that the governing board of the school district determines will not recur within a 5-year period. Existing law authorizes a school district having an average daily attendance of less than 10,001 in any fiscal year to deposit any and all interest earned on those funds into the general fund of the district if the district meets certain conditions.

This bill would, notwithstanding any other provision of law, and until January 1, 2007, authorize a school district to sell, lease, or leaseback certain surplus real and personal property, as provided, to deposit the proceeds into the general fund of the school district or county office of education, and to use the proceeds from that transaction for any one-time general fund purpose, however, if the purchase of the property was made using the proceeds of a general obligation bond act or revenue

derived from developer fees, the amount that may be deposited into the general fund of the school district or county office of education may not exceed the difference between the purchase price of the property and the proceeds of the transaction divided by the amount of the proceeds of the transaction, as defined.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) California faces an unprecedented fiscal crisis, and in a time
4 of fiscal crisis, it is necessary for the state and local agencies to
5 examine the priorities that are essential to the core of each agency's
6 function.

7 (b) Public schools maintaining kindergarten and grades 1 to 12,
8 inclusive, must be given the operational and fiscal flexibility to
9 manage their budgets within the context of the current budget
10 crisis.

11 SEC. 2. Section 17463.5 is added to the Education Code, to
12 read:

13 17463.5. (a) Notwithstanding any other law, a school district
14 may sell, lease, or leaseback, surplus real property, together with
15 any personal property located thereon, owned by the district for at
16 least 20 years, to any nonprofit, for profit, or governmental entity;
17 may deposit the proceeds thereof into the general fund of the
18 school district or county office of education; and may use the
19 proceeds from the sale, lease, or leaseback for any one-time
20 general fund purpose. If the purchase of the property was made
21 using the proceeds of a general obligation bond act or revenue
22 derived from developer fees, the amount of the proceeds of the
23 transaction that may be deposited into the general fund of the
24 school district or county office of education may not exceed the
25 percentage computed by the difference between the purchase price
26 of the property and the proceeds from the transaction, divided by
27 the amount of the proceeds of the transaction. For the purposes of



1 this section, proceeds of the transaction means either of the
2 following, as appropriate:

3 (1) The amount realized from the sale of property after
4 reasonable expenses related to the sale.

5 (2) For any transaction, such as a lease of property, that does not
6 result in a lump-sum payment of the proceeds of the transaction,
7 the proceeds of the transaction shall be calculated as the net present
8 value of the future cashflow generated by the transaction.

9 (b) A school district that purchased real property, together with
10 any personal property located thereon, entirely with local funds
11 may use the authority granted under subdivision (a) regardless of
12 the length of time the district has owned the property.

13 (c) This section is repealed on January 1, 2007, unless a later
14 enacted statute that becomes operative on or before January 1,
15 2007, deletes or extends the date on which it is repealed.

16 SEC. 3. This act is an urgency statute necessary for the
17 immediate preservation of the public peace, health, or safety
18 within the meaning of Article IV of the Constitution and shall go
19 into immediate effect. The facts constituting the necessity are:

20 School districts' need for fiscal flexibility and the current fiscal
21 crisis facing this state require that this act take effect immediately.

